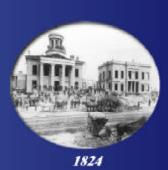
Franklin County, Ohio



ANNUAL FINANCIAL REPORT

For the year ended December 31, 2001 Joseph W. Testa, Auditor





1879





Citizens of Franklin County:

In today's busy world, we face a steady stream of facts, figures and statistics. Sorting through this information, deciding what is important to us, and then putting that information to good use can sometimes be a difficult task. As Franklin County's Chief Fiscal Officer, I remain committed to providing you with ready access to reliable, up-to-date information. This publication is intended to demonstrate governmental accountability to the citizens of Franklin County in a format that is readable and easier to understand.

The Franklin County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2001, presents an overview of the County's financial position, results of its operations and a description of its debt. The PAFR is not as detailed as our comprehensive annual financial report (CAFR). The CAFR contains full financial statements and note disclosures for all funds and component units, prepared in accordance with generally accepted accounting principles (GAAP). The PAFR schedules are different from the GAAP financial statements because accounting data has been summarized and combined, and proprietary and fiduciary funds, and component units have been excluded. The information presented in this PAFR has been derived from the 2000 and 2001 CAFRs, which were audited by the Ohio Auditor of State, with both receiving unqualified opinions.

I encourage you to visit the Auditor's Office website at www.co.franklin.oh.us/auditor, where you will find a PowerPoint version of the PAFR, the full CAFR and a wide array of data, forms and applications. The printed CAFR is available by contacting the Franklin County Auditor's Office, Fiscal Services Division at (614) 462-7348, or writing us: 373 South High Street, 21st Floor, Columbus, Ohio 43215. You can also e-mail me or my staff with your comments or suggestions concerning this report, or any other aspect of the operations of the County Auditor's Office.

I wish to commend the Fiscal Services staff for continuing the tradition of excellence in financial reporting, which has garnered Franklin County awards from the Government Finance Officers Association for both the CAFR and PAFR in recent years.

Sincerely,

Joseph W. Testa

Franklin County Auditor

long a the

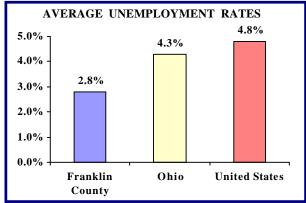


Economic Outlook & Benchmarks

Franklin County is located in central Ohio within 500 miles of half the nation's population. The 2000 federal census reported the County's population as 1,068,978, an increase of 11.2% in the last ten years. Columbus, the largest city in the County, serves as the state capital and the county seat, and is home to The Ohio State University.



Central Ohio enjoys a broad-based economy in which no single industry dominates. The largest employers represent government, education, finance, retail trade, manufacturing and health care. This diversity helps the region weather economic fluctuations. The average unemployment rate for 2001 was 2.8%.



Downtown is being revitalized as a place to work, live and play. Nationwide Arena, home to the Columbus Blue Jackets, a National Hockey League team, anchors the Arena District. Several restaurants, office buildings and a cinema complex have opened nearby. Miranova, a highrise complex offering new office and residential space, and the nearby Brewers Yard are changing the face of the south edge of the central city. Across the river, West Edge Business Center will transform a former public housing site into a 50-acre office/light industrial park.

COUNTY COMPARISONS

One way of evaluating a government's performance is to benchmark it against its peers. The following charts compare key ratios for five of Ohio's metropolitan counties. The data used for calculations was taken from each county's 2000 CAFR, focusing on governmental funds including the general, special revenue, debt service and capital projects funds. For the purposes of comparison, the Franklin County Alcohol, Drug and Mental Health (ADAMH) Board's revenues, expenditures and fund balances are included in these ratios.

2000 STATISTICS

| COUNTY | COUNTY SEAT | POPULATION |
|------------|-------------|------------|
| Franklin | Columbus | 1,068,978 |
| Cuyahoga | Cleveland | 1,393,978 |
| Hamilton | Cincinnati | 845,303 |
| Montgomery | Dayton | 559,062 |
| Lucas | Toledo | 445,054 |

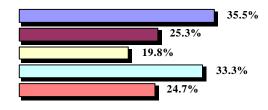
REVENUES PER CAPITA

This indicator is derived by dividing the county's population into total revenues of the governmental funds.



UNRESERVED, UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

This ratio illustrates each county's ability to support operations without considering operating revenue. The fund balance provides a cushion against unfavorable economic conditions.



EXPENDITURES PER CAPITA

This indicator is derived by dividing the county's population into total expenditures of the governmental funds.



County's Financial Position

Conservative fiscal practices and prudent management decisions help to maintain the County's financial stability. The balance sheet presents a snapshot of the County's financial position at a specific point in time. The condensed combined balance sheet as of December 31, 2001, can be found on the facing page. Readers should keep in mind that the statement is presented on a non-GAAP basis. Please refer to the County's 2001 CAFR for GAAP basis reports.

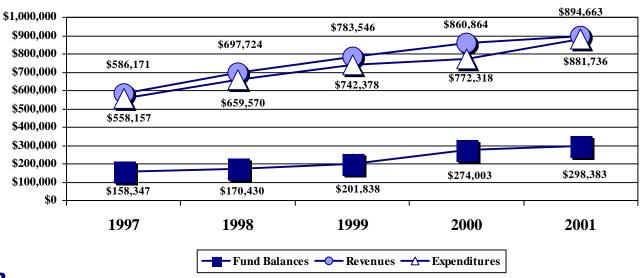
ASSETS provide financial benefits to the County. Cash and investments is comprised of cash on hand, investments and demand deposits, whether held in the County Treasury or in outside bank accounts. Receivables are sources of revenue that are owed to the County at year-end. Receivables include sales tax revenues, property tax collections, interest and amounts due under state and federal grants and subsidies. Fixed assets are long-term investments in property, infrastructure and equipment and are shown at cost or estimated historical cost. The fixed assets value includes roads and bridges net of accumulated depreciation. The other fixed asset categories are not depreciated. OTHER DEBITS are accounting entries made to offset long-term obligations, and represent the amount available in the debt service fund as well as amounts to be provided in the future to make bond and note payments as they become due, and to pay other long-term obligations related to County employees.

LIABILITIES place a financial burden on the County. *Accounts payable* are amounts owed to vendors and service providers for goods and services received before year-end. *Current employee liabilities* are comprised of accrued wages, termination sick leave and vacation payments, and the related payroll tax withholdings that were due at December 31st. *Deferred revenue* represents an offset for taxes and other types of revenue that will not be available to the County within the first sixty days of the next year. *General obligation bonds and notes* represents the County's outstanding debt. *Other long-term obligations* include amounts owed under capital leases, advances to other funds, reserves for workers compensation claims and estimated liabilities for unused vacation and sick leave that will be paid upon termination of employment in a future period.

EQUITY is a measure of the County's net worth. *Reserved fund balances* are not available for current spending needs. *Designated fund balances* have been earmarked by management for a specific future use but are not legally segregated. *Unreserved*, *undesignated fund balances* represent the County's surplus. This surplus can serve as a cushion against an economic downturn, or can be used to pay cash for large projects instead of borrowing the money. *Investment in fixed assets* is classified as **OTHER CREDITS**.

The graph below presents the five-year trend of the County's unreserved, undesignated fund balances as well as governmental fund type revenues and expenditures. Revenues and expenditures for 1997 – 2000, and fund balance for 2000, have been restated to incorporate fund reclassifications made for financial reporting purposes. Growth in sales tax, property taxes and intergovernmental revenues has allowed the County to sustain higher spending levels each year without drawing upon the surplus provided by the fund balances. Note that fund balances grew each year, as well.

TREND OF REVENUES, EXPENDITURES AND UNRESERVED, UNDESIGNATED FUND BALANCES (Amounts in 000's)



CONDENSED COMBINED BALANCE SHEET ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS (Amounts in 000's)

| | De | c. 31, 2001 |
|---|----|-------------|
| Assets and other debits: | | |
| Cash and investments | \$ | 406,446 |
| Receivables | | 418,033 |
| Other assets | | 70,823 |
| Fixed assets | | 501,167 |
| Other debits | | 178,852 |
| Total assets and other debits | \$ | 1,575,321 |
| Liabilities: | | <u> </u> |
| Accounts payable | \$ | 90,573 |
| Current employee liabilities | | 11,515 |
| Other short-term liabilities | | 6,876 |
| Deferred revenue | | 384,428 |
| General obligation bonds and notes | | 148,614 |
| Other long-term obligations | | 30,483 |
| Total liabilities | | 672,489 |
| Equity and other credits: | | |
| Investment in fixed assets | | 501,167 |
| Reserved fund balances | | 73,258 |
| Unreserved, designated fund balances | | 30,024 |
| Unreserved, undesignated fund balances | | 298,383 |
| Total equity and other credits | | 902,832 |
| Total liabilities, equity and other credits | \$ | 1,575,321 |

BONDS AND LONG-TERM NOTES

| (Amounts in 000's) | | | |
|-------------------------------------|------------------|---------|--|
| DESCRIPTION | OUTSTAND- ING | | |
| ~ | | ALANCE | |
| Series 1993 Refunding Bonds | \$ | 102,910 | |
| Veterans Memorial Improvement Bonds | | 7,170 | |
| Jail Renovation Bonds | | 6,325 | |
| Mental Health Building Bonds | | 315 | |
| Exhibition Hall Land Bonds | | 2,575 | |
| Voting Machine Acquisition Notes | | 1,495 | |
| OPWC Loans for road projects | | 2,919 | |
| Solid Waste Facility Bonds (SWACO) | | 17,505 | |
| Hall of Justice Addition (lease) | | 3,460 | |
| Maryhaven Facility (lease) | | 3,940 | |
| Total | \$ | 148,614 | |

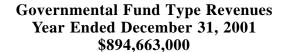
The table at the left shows the principal outstanding as of December 31, 2001, for County bonds and long-term notes. Of the total debt, \$123,709,000 will be serviced by the County, \$17,505,000 by the Solid Waste Authority of Central Ohio and \$7,400,000 by lease revenues collected from the building tenants. The Series 1993 Refunding Bonds represents defeased bonds previously issued for Zoo Park Land, Juvenile Detention Facility, Juvenile Parking Garage and the County Courthouse.

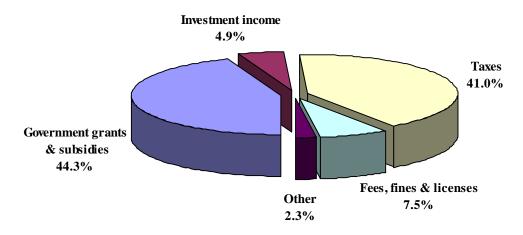
General obligation debt is backed by the County's full faith and credit and is subject to limitations set forth in Ohio Revised Code Chapter 133. As of December 31, 2001, net general obligation bonded debt was below the legal unvoted debt limit by \$121,800,000, and below the total limit by \$441,652,000.

The County continues to maintain the highest long-term bond ratings given by Moody's Investors Services and the Standard & Poors Corporation. The County is one of only 27 counties in the nation to receive a triple "A" bond rating. This bond rating enables the County to secure the most favorable interest rate when borrowing money.

Dollars In...

The revenues presented here have been reported in the general, special revenue, debt service and capital projects funds. The modified accrual basis of accounting is used, which means that revenues are recognized when they become measurable and due and available to pay current period liabilities. The table summarizes revenues by source, and shows the increases (decreases) in relation to prior year amounts. Note that the underlying 2000 taxes and intergovernmental revenues have been restated to reflect the \$98,548,000 effect of reclassifying the Alcohol, Drug Addiction and Mental Health Board (ADAMH Board) from a discretely presented governmental type component unit to a special revenue fund.





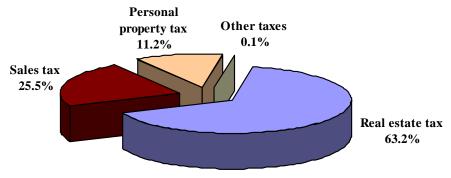
| (Amounts in 000's) | | | |
|-------------------------|----------------|------------------------|-----------------------|
| REVENUES | 2001 ACTUAL | \$ CHANGE FROM 2000 | % CHANGE FROM 2000 |
| Sales tax | \$ 81,139 | \$ (1,762) | (2.1)% |
| teal and other taxes | 285,376 | 7,549 | 2.7% |
| ntergovernmental | 396,435 | 20,227 | 5.4% |
| ees, fines and licenses | 67,579 | 5,977 | 9.7% |
| ivestment income | 43,570 | 1,230 | 2.9% |
| Other | 20,564 | 578 | 2.9% |
| | \$ 894,663 | \$ 33,799 | 3.9% |

Please refer to the "Taxes" section of this report for more information about sales tax and real and other taxes.

Intergovernmental revenues are comprised of grants, subsidies and reimbursements from other governments, primarily the federal government and the State of Ohio. Higher funding levels from the State for the Department of Job and Family Services (J&FS) accounted for the increase of \$20 million. These moneys were used for job training programs, day care payments on behalf of working parents and emergency assistance to qualified clients, and are recorded in the Public Assistance Fund.

Taxes

During 2001, the general fund and County agencies received \$366,515,000 in tax revenue. This pie chart shows the proportion derived from each kind of tax. Please note that the County receives no direct income tax revenue.



Real estate, personal property and other taxes totaled \$285,376,000 in 2001, an increase of \$7.5 million, or 2.7%, over the prior year. \$3 million of the increase went to the Board of Mental Retardation and Developmental Disabilities (Board of MR & DD), \$2 million to the Children Services Board and \$1 million to the ADAMH Board.

A sales tax of 5.75% is collected by the State on sales made in Franklin County. The tax is split as follows: 5.00% for the State of Ohio; 0.50% for the County's general fund; and 0.25% for the Central Ohio Transit Authority (COTA). In 2001, the County general fund's share amounted to \$81,139,000. This was a decrease of \$1,762,000 or 2.1% from 2000. The decline is attributable to the economic slowdown and lower consumer spending levels.

Real estate taxes help finance your school district, your city, village or township, your public library, your parks and zoo, and various County services. In the example below, if your home or business has an appraised value of \$100,000 located in the City of Columbus and the Columbus City School District, this is how the taxes were distributed in 2001.

REAL ESTATE TAXES ON A \$100,000 OWNER-OCCUPIED HOME OR A BUSINESS

City of Columbus / Columbus School District





| TAX RECIPIENT | HOME | BUSINESS | |
|------------------------------|--------------------|--------------------|--|
| Columbus City Schools | \$ 937.50 | \$ 1,211.76 | |
| Board of MRⅅ | 153.35 | 189.09 | |
| Children Services | 109.30 | 121.11 | |
| City of Columbus | 96.16 | 98.91 | |
| ADAMH Board | 52.55 | 60.91 | |
| County General Fund | 45.02 | 46.31 | |
| Columbus Public Library | 30.90 | 40.32 | |
| Office on Aging | 22.18 | 24.22 | |
| Zoological Park | 17.81 | 20.76 | |
| Metro Parks | 17.13 | 18.70 | |
| Total | \$ 1,481.90 | \$ 1,832.09 | |

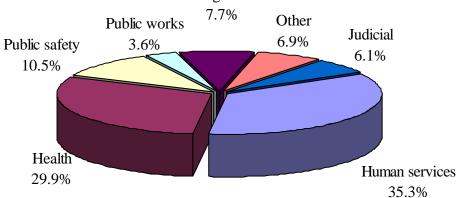
Dollars Out...

The expenditures shown are those of the general, special revenue, debt service and capital projects funds. Under the modified accrual basis of accounting, expenditures are recorded when the liability is incurred. The pie chart depicts expenditures by function as a percent of total expenditures for the year ended December 31, 2001. Those functions that individually represent less than three percent of total expenditures have been combined as "Other". These include capital outlays, conservation and recreation, community development, debt service and intergovernmental grants.

The table shows expenditures by function, and the increases (decreases) in relation to prior year amounts. To preserve comparability, the underlying 2000 expenditures have been restated to reflect the reclassification of the ADAMH Board from a discretely presented governmental fund type component unit to a special revenue fund. This resulted in increases of \$96,146,000 to health expenditures and \$16,000 to debt service expenditures.

Governmental Fund Type Expenditures Year Ended December 31, 2001 \$881,736,000

General government



| (Amounts in 000's) | | | |
|--------------------|-------------------|------------------------|-----------------------|
| EXPENDITURES | 2001 ACTUAL | \$ CHANGE FROM 2000 | % CHANGE FROM 2000 |
| Human services | \$ 311,565 | \$ 53,214 | 20.6% |
| Health | 263,818 | 31,785 | 13.7% |
| Public safety | 92,464 | 8,100 | 9.6% |
| General government | 68,159 | 9,721 | 16.6% |
| Judicial | 53,979 | 7,372 | 15.8% |
| Public works | 31,365 | (2,745) | (8.0)% |
| Other | 60,386 | 1,971 | 3.4% |
| | <u>\$ 881,736</u> | <u>\$ 109,418</u> | 14.2% |

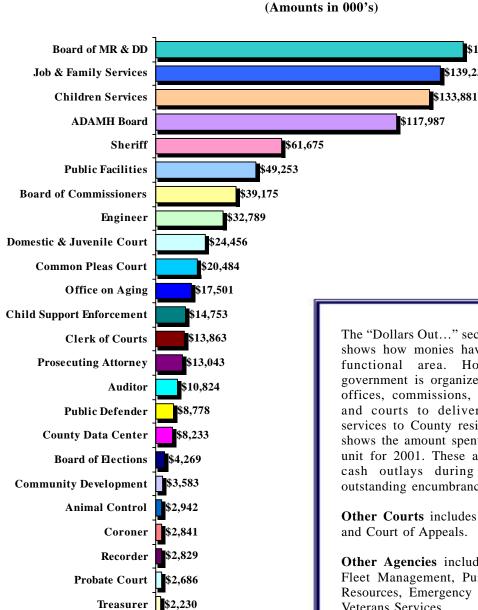
The rise in human services expenditures primarily relates to higher spending by the J&FS in the Public Assistance fund. \$23 million more was spent for adult training programs and child care as part of the "Welfare to Work" initiative, and \$8 million more for emergency assistance. J&FS also provided \$2.5 million for payment of heating bills for qualified citizens and \$1 million to the Columbus/Franklin County Affordable Housing Trust Corporation. Children Services spent \$8.8 million more in 2001 for the board and care of children placed in foster care, group homes and other residential programs. Also in the human services category, Senior Services spent \$1.5 million more on board and care of the elderly.

The timing of payments by the ADAMH Board for claims submitted by service providers accounted for \$25 million of the rise in health expenditures. Also contributing to the increase in the health category, the Board of MR & DD provided \$3 million more to families caring for MR & DD clients, and spent \$2 million more in connection with the sheltered workshops.

The growth in general government expenditures is composed of several small increases. Public Facilities added full-time security officers to their staff at a cost of \$1.3 million. The Commissioners' conversion to performance-based budgeting totaled \$1.2 million in new expenditures during 2001.

County Spending

This information was taken from the non-GAAP budgetary schedules in the County's 2001 CAFR. The Sanitary Engineer, Parking Facilities, Telecommunications and Antenna System are not included since they are self-supporting through fees paid by their customers. The Board of Health, Metro Parks and Mid-Ohio Regional Planning Commission are not presented in either the CAFR or the PAFR. Their operations and administration are separate from the County, they are audited individually and they publish separate annual financial reports.



Other Courts

Other Agencies

\$2,259

The "Dollars Out..." section of this report shows how monies have been spent by functional area. However, County government is organized into individual offices, commissions, boards, agencies and courts to deliver the functional services to County residents. This chart shows the amount spent by each County unit for 2001. These amounts represent cash outlays during the year plus outstanding encumbrances at year-end.

\$150,712

Other Courts includes Municipal Court and Court of Appeals.

Other Agencies includes Development, Fleet Management, Purchasing, Human Resources, Emergency Management and Veterans Services.

Current and Future Initiatives



The Auditor has been a leader in e-government initiatives. The online real estate property search was unveiled in 1997, offering computerized maps, appraisal and tax data for each of the 380,000 parcels in the County. This was followed by adding a "tax levy calculator" so property owners can learn firsthand how the passage of a proposed levy will affect their real estate tax bills. The calculations and estimations are unique to each parcel of real estate. In 2000, the listing of delinquent real estate and manufactured home taxpayers was posted online for the first time. At the current time, photographs of buildings are being added to the website as part of a project that validates the building address and ties into the Auditor's geographic information system. The validated addresses and property pictures should improve response time in case of an emergency.

In January 2001, the Auditor's Fiscal Services Division added the capability to search online for unclaimed funds. The list contains more than 15,000 entries, reflecting a real-time query of uncashed checks for child support, jury duty, vendor payments and tax refunds as well as other unclaimed County monies. The database is searchable by name or unclaimed fund amount, and the claim form can be downloaded.

In April 2001, the Auditor made history by selling new dog licenses online. This was the first time County residents had an opportunity to fully transact business with Franklin County using the Internet. This was also the first online dog registration offered in the state of Ohio. The ability to renew dog licenses online was added in July. During the 2001-2002 registration period, more than seven percent of all license transactions were conducted via the Internet.

The Auditor processes personal property tax returns filed for area businesses. The taxpayer can now request a filing date extension by completing the appropriate form online. When finished filling out the form, the taxpayer can click "submit" and the form will be e-mailed to the Auditor's Personal Property Tax Division. Tax practitioners can also obtain tax forms, rates and instructions via the Internet.

Public works projects totaling \$37 million are slated to begin in 2002. The Lane Avenue Bridge, an important thoroughfare for The Ohio State University campus, will be replaced. Also, improvements will be made on Morse Road, a major roadway on the north side of Columbus.





Children Services plans to construct a building in the West Edge Business Center, where it will consolidate its administrative offices. Children Services currently uses 17 cottages that formerly served as residential facilities on the Franklin Village campus.

A recent study of the Hall of Justice noted code deficiencies such as the lack of a sprinkler system and the presence of asbestos. Options for renovation of the court building or new construction are being evaluated.

The Auditor's weights and measures inspectors have begun collecting data on gasoline octane levels. This data could lead to legislation requiring fuel quality testing in Ohio, providing consumers with additional assurance that they are getting what they pay for. Using gasoline with an incorrect octane rating can cause engine knocking and pinging, and eventually lead to engine damage.



The Government Finance Officers Association

of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Franklin County, Ohio, for its Annual Financial Report for the fiscal year ended December 31, 2000. The Award for Outstanding Achievement in Popular Annual Financial

Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Franklin County has received a Popular Award for the last six consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Franklin County's comprehensive annual financial report for the year ended 2000, from which information on pages 2, 5 and 7 has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

FRANKLIN COUNTY, OHIO

For the fiscal year ending December 31, 2000

January Dresident

Other Head

In order to be awarded a Certificate of

Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Franklin County has received a Certificate of Achievement for the last 18 consecutive years. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.

County Government Working For You

| COUNTY AGENCIES, BOARDS, OFFICES | | ELECTED OFFICIALS (as of December 31, 2001) | | |
|------------------------------------|--------------|---|---|--|
| ADAMH Board | 614/224-1057 | Auditor | Joseph W. Testa | |
| Office on Aging | 614/462-5230 | Board of Commissioners | Arlene Shoemaker | |
| Animal Control | 614/462-3400 | | Mary Jo Kilroy | |
| Auditor | 614/462-3200 | | Dewey R. Stokes | |
| Board of Elections | 614/462-3100 | Clerk of Courts | John O'Grady | |
| Board of Health | 614/462-3160 | Coroner | Bradley J. Lewis, M.D. | |
| Child Support Enforcement | 614/462-3275 | Engineer | Dean C. Ringle, P.E., P.S. | |
| Children Services | 614/275-2571 | Prosecuting Attorney | Ron O'Brien | |
| Clerk of Courts | 614/462-3600 | Recorder | Robert G. Montgomery | |
| Board of Commissioners | 614/645-3322 | Sheriff | Jim Karnes | |
| Community Development | 614/462-5631 | Treasurer | Wade Steen | |
| Coroner | 614/462-5290 | Court of Appeals Tenth District | Donna Bowman Susan Brown | |
| Development Department | 614/462-3094 | 614/462-3580 | Peggy Bryant Dana A. Deshler | |
| Emergency Management | 614/469-9700 | | John P. Kennedy | |
| Engineer | 614/462-3030 | | Cynthia C. Lazarus Charles R. Petree | |
| Fleet Management | 614/462-3412 | | G. Gary Tyack | |
| Human Resources | 614/462-6224 | Common Pleas Court General Division | John P. Bessey Jennifer L. Brunner | |
| Job & Family Services | 614/462-4000 | 614/462-3452 | David E. Cain John A. Connor | |
| Board of MRⅅ | 614/475-6440 | | Dale A. Crawford | |
| Metro Parks | 614/891-0700 | | David W. Fais Daniel T. Hogan | |
| Mid-Ohio Regional Planning | 614/228-2663 | | David L. Johnson Patrick M. McGrath | |
| Prosecuting Attorney | 614/462-3555 | | Nodine Miller Deborah P. O'Neill | |
| Public Defender | 614/462-3194 | | Beverly Y. Pfeiffer Lisa L. Sadler | |
| Public Facilities | 614/462-3800 | | Richard S. Sheward Alan C. Travis | |
| Purchasing | 614/462-3750 | | Michael H. Watson | |
| Recorder | 614/462-3930 | Common Pleas Court | Yvette McGee Brown | |
| Sanitary Engineer | 614/462-3940 | Domestic Relations/ Juvenile Division | Kay Lias Jim Mason | |
| Sheriff | 614/462-3360 | 614/462-4386 | Dana S. Preisse Carole Squire | |
| Treasurer | 614/462-3438 | Common Pleas Court | Lawrence A. Belskis | |
| Veterans Service Commission | 614/462-2500 | Probate Division | Lawrence A. Deiskis | |

614/462-3830